UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

UBS REAL ESTATE SECURITIES INC.,

Plaintiff,

-against-

SILVER STATE FINANCIAL SERVICES, INC. d/b/a SILVER STATE MORTGAGE,

Defendant.

Case No.: 07 Civ. 3702 (MGC)

ECF Case

DECLARATION OF BRIAN BOWES IN SUPPORT OF PLAINTIFF UBS REAL ESTATE SECURITIES INC.'S APPLICATION FOR JUDGMENT BY DEFAULT

BRIAN BOWES hereby declares, under penalty of perjury:

- I am a Director at plaintiff UBS Real Estate Securities Inc. 1. ("UBS"). I have been employed by UBS since April, 2003. I make this declaration in support of UBS' application (the "Application") for the entry of a default judgment against defendant Silver State Financial Services, Inc. d/b/a Silver State Mortgage ("Silver State"). Unless otherwise indicated, I have personal knowledge of the facts set forth herein.
- As set forth more fully in the Complaint, on or about May 1, 2. 2005, UBS and Silver State entered into the Purchase Agreement, whereby Silver State agreed to sell, and UBS agreed to purchase, from time to time, certain mortgage loans pursuant to the terms of the Purchase Agreement.

¹ Each capitalized term used but not defined herein shall have the meaning ascribed to such term in the Declaration of Joel M. Miller, dated November 27, 2007 (the "Miller Decl.") and also submitted in support of the Application.

- Pursuant to the Purchase Agreement, Silver State agreed to 3. repurchase from UBS, at the contractually specified "Repurchase Price," any mortgage loan purchased by UBS that experienced an early payment default ("EPD").
- Thirty-four (34) loans purchased by UBS from Silver State 4. experienced early payment defaults (the "EPD Loans"). Silver State failed to honor its contractual obligation under the Purchase Agreement to repurchase those loans.
- As to eleven (11) of the EPD Loans, UBS did not suffer damages, 5. either because UBS was able to re-sell the loans without a loss or because the borrower was able to, and did, pay the loan in full. As to twenty-three (23) of the EPD Loans, however, UBS did suffer damages from Silver State's breach of contract.
- UBS' damages consist of the contractual Repurchase Price, as 6. defined in the Purchase Agreement, for each loan, less the actual or estimated proceeds that have been or will be realized from the each of the 23 EPD Loans that Silver State failed to repurchase.
- Thus, the first step in computing UBS' damages is computing the 7. Repurchase Price for each of the 23 EPD Loans. "Repurchase Price" is defined in the Purchase Agreement as follows:

Repurchase Price: With respect to any Mortgage Loan, a price equal to (i) the greater of (A) the product of the percentage of par stated in the related Purchase Price and Terms Letter or UBS Website and (1) with respect to Mortgage Loans other than UBS Website Mortgage Loans, the Unpaid Principal Balance of such Mortgage Loan as of the date of repurchase or (2) with respect to UBS Website Mortgage Loans, the Stated Principal Balance of such Mortgage Loan as of the date of repurchase, and (B) the Unpaid Principal Balance of the Mortgage Loan, plus (ii) interest on such

Unpaid Principal Balance at the related Mortgage Interest Rate from the last date through which interest was last paid and distributed to the Purchaser to the last day of the month in which such repurchase occurs, plus (iii) reasonable and customary third party expenses incurred in connection with the transfer of the Mortgage Loan being repurchased, plus (iv) any costs and damages incurred in connection with any violation of such Mortgage Loan of any predatory or abusive lending law; less, prior to the related Servicing Transfer Date, amounts received or advanced in respect of such repurchased Mortgage Loan (other than a UBS Website Mortgage Loan) which are being held in the Custodial Account for distribution to Purchaser in the month of repurchase.

- For purposes relevant to this Application, the Repurchase Price of 8. a loan can be stated as equaling (a) the unpaid principal balance of the loan plus (b) accrued interest, (c) expenses advanced with respect to the loan and (d) the "premium" (or amount over par) that UBS paid Silver State with respect to the loan.
- I computed the Repurchase Prices of each of the 23 EPD Loans for 9. which UBS seeks damages. That computation is reflected on the Excel spreadsheet attached as Exhibit A. I followed the steps set forth above in making the computation. The column entitled "Unpaid Balance" contains the unpaid principal balances for each of the 23 EPD Loans as to which judgment is sought. The "Accrued Interest" column contains the unpaid accrued interest for those loans through October 19, 2007. The "Corporate Advances" and "Escrow Advances" columns contain the expenses advanced for those loans. Finally, the "Purchase Price" column contains the information necessary for the spreadsheet to compute the premiums for the loans.²

² Excel computes the premium by subtracting 1 (which is par) from the Purchase Price and multiplying that fractional result by the Original Balance shown.

- 10. Thus, the "Repurchase Price" column of Exhibit A correctly states the Repurchase Price of each of the 23 EPD Loans for which UBS seeks damages. From each Repurchase Price, I subtracted the actual or estimated proceeds that have been or will be realized from the EPD Loans that Silver State failed to repurchase. The result is the amounts in the column entitled "Damages."
- 11. As shown on Exhibit A, the aggregate of the damages that UBS incurred as of October 19, 2007, was \$2,881,573. UBS requests judgment in this amount, plus interest to date and attorneys' fees and costs.
- 12. Interest to date from October 19 is running at the amount of \$710.52 per diem. I computed this by multiplying \$2,881,573 by the New York statutory interest rate of 9%, and dividing the result by 365 days.
- 13. As set forth in the Miller Decl., UBS' attorneys' fees and expenses through September 30, 2007 have been \$15,057.39.
- 14. UBS respectfully requests that this Court enter a judgment by default against Silver State in the total of these amounts:
 - Breach of contract damages in the amount of \$2,881,573, computed as set forth above; plus
 - Interest from October 19, 2007 to the date of entry of judgment at the per diem rate of \$710.52; plus
 - Attorneys' fees and expenses incurred in connection with this action in the amount of \$15,057.39.
 - No part of the total requested judgment amount has been paid. 15.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on the 27th day of November, 2007

EXHIBIT A

	Case 1	:0	7-	CV	-0	37	(0:	2-	VI(GC			Do	C	un	ne	nt	1)		F	ile	d	11	/2	7/	20	00	7		P	ag	е	7	of
	loan N br	2200120592	2200100066	2200152609	2200090038	7700143277	7700106235		2200103465	7700164885	2200107198	2200168723	2200096086	777016811	2200082159	2200169277	2200106961	2200111843	2200106479	2200163742		2200160941	7700096419	2200108386		2200108143	2200109483	2200109718	2200163789	7700192654	2200106297	2200154675	7700198604	2200150140	7700093654
	Damages	(450,818)	(305,168)	(223,965)	(198,190)	(193,599)	(183,114)	(180,251)	(178,794)	(123,677)	(116,598)	(106,241)	(105,842)	(103,909)	(86,026)	(85,004)	(57,837)	(26,100)	(46,987)	(41,178)	(24,290)	(12,303)	(1,681)	0	0	0	0	0	0	0	0	0	0	0	0
75%	Proceeds/Value	\$615,000	\$341,250	\$145,500	\$502,500	\$416,250	\$465,000	\$262,500	000'009\$	\$232,500	\$217,500	\$56,250	\$228,750	\$292,500	\$918,750	\$251,250	\$89,250	\$140,250	\$164,250	\$356,250	\$307,500	\$247,500	\$311,250	\$1,117,500	\$0	\$0	0\$	0\$	0\$	0\$	0\$	0\$	0\$	0\$	\$0
	Repurchase Price	\$1,065,818.31	\$646,418.07		\$700,689.82	\$609,848.58	\$648,114.07					\$162,490.92										\$259,802.75		↔	\$3		\$197,327.17	\$2(\$0.00	\$264,642.38	\$436,732.95	\$502,656.66	\$0.00		
	Purchase Price	102.4158%	\$10,695.40 102.4158%	\$0.00 102.4158%	102.7108%	\$6,855.76 102.4158%	101.4600%	102.7108%	102.7108%	\$0.00 102.7108%	\$0.00 102.7108%	\$294.64 102.4158%	_	101.3120%	\$10,066.43 102.7108%	\$1,963.02 102.4158%	\$952.40 102.7108%	\$39.76 102.7108%	\$504.45 102.4491%	101.7116%	\$0.00 102.7108%	\$1,503.04 102.4158%	\$1,104.00 101.6373%	\$0.00 102.7108%	\$90.38 102.7108%	\$0.00 102.7108%	102.7108%	\$367.78 102.7108%	\$0.00 102.4158%	102.4158%	102.4158%		102.4158%	102.4158%	\$0.00 101.2293%
	Escrow	\$13,481.14		\$0.00			₩		\$1,138.74			\$294.64	\$2,914.40				Ш			2\$					€ ?			£\$			\$0.00	\$0.00			
	Corporate Advances	\$4,368.68	\$1,596.50	\$2,675.82	\$156.25	\$148.85	\$537.50	\$0.00	\$167.50	\$0.00	\$0.00	\$961.90	\$167.50	\$0.00	\$107.50	\$4,158.19	\$2,900.25	\$0.00	\$189.00	\$7.95	\$0.00	\$0.00	\$11.25	\$11,545.35	\$100.00	\$0.00	\$122.50	\$111.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Accrued Interest	64,776.99	36,018.00	22,671.95	43,184.66	29,521.72	63,864.60		37,970.14	-	21,857.80	6,659.03	15,967.48	41,242.47	31,688.78	21,656.49	7,656.00	3,345.66	6,112.08	12,246.16	5,312.21	9,252.23	8,397.70	83,342.47	1	-	-	-	-	-	-	_	-	1	1
10/19/2007	Accrued Interest Days Through	323	261	323	323	261	476	1	261	-	323	323	261	909	141	323	292	80	172	172	80	202	111	384	-	_	-	-	-	_	_	_	-	-	ı
	Unpaid Balance	00.000,096\$	\$584,000.00	\$336,000.00	\$640,000.00	\$559,798.74	\$559,677.80	\$325,600.00	\$720,000.00	\$284,000.00	\$303,999.84	\$148,000.00	8307,999.99	\$350,000.00	\$937,500.00	\$301,200.00	\$132,000.00	\$187,871.84	\$199,544.61	\$378,000.00	\$317,861.75	\$243,172.95	\$298,530.31	\$975,000.00	\$88,000.00	\$0.00	\$192,000.00	\$488,400.00	\$0.00	\$258,400.00	\$426,431.30	\$490,800.00	\$0.00	\$0.00	\$0.00
	Original Balance	\$960,000.00	\$584,000.00	\$336,000.00	\$640,000.00	\$560,000.00	\$560,000.00	\$325,600.00	\$720,000.00	\$284,000.00	\$304,000.00	\$148,000.00	\$308,000.00	\$350,000.00	\$937,500.00	\$301,200.00	\$132,000.00	\$188,000.00	\$200,000.00	\$378,000.00	\$320,000.00	\$244,000.00	\$298,650.00	\$975,000.00	\$88,000.00	PIF	\$192,000.00	\$488,400.00	PIF	\$258,400.00	\$428,000.00	\$490,800.00	\$204,000.00	PIF	PIF
	UBS	334688778	334688962	334688751	334375448	334688947	334870570	334375395	334375417	334375410	335045187	334688982	334375492	334620743	334375427	334688811	334375436	334375425	334375416	334688819	334375391	334688820	333773352	334375399	334375397	334375405	334375467	334375470	334688770	334688807	334688831	334688893	334688952	334689007	777018339

(2,881,573)